



Substitute House Bill No. 5159

Public Act No. 08-178

***AN ACT MODERNIZING INSURANCE DEPARTMENT FINES AND
MAKING MINOR TECHNICAL REVISIONS TO THE INSURANCE
STATUTES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 38a-2 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

Any person or corporation violating any provision of this title for the violation of which no other penalty is provided shall be fined not more than [seven thousand five hundred] fifteen thousand dollars.

Sec. 2. Subsection (c) of section 38a-41 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

(c) The commissioner may, at any time, for cause, suspend, revoke or refuse to renew any such license or in lieu of or in addition to suspension or revocation of such license the commissioner, after reasonable notice to and hearing of any holder of such license, may impose a fine not to exceed [ten] fifty thousand dollars. Such hearings may be held by the commissioner or any person designated by the commissioner. Whenever a person other than the commissioner acts as the hearing officer, the person shall submit to the commissioner a

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memorandum of the person's findings and recommendations upon which the commissioner may base a decision. The commissioner may, if the commissioner deems it in the interest of the public, publish in one or more newspapers of the state a statement that, under the provisions of this section, the commissioner has suspended or revoked the license of any insurance company or health care center to do business in this state.

Sec. 3. Subsection (h) of section 38a-48 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

(h) If any assessment is not paid when due, a penalty of [ten] twenty-five dollars shall be added thereto, and interest at the rate of six per cent per annum shall be paid thereafter on such assessment and penalty.

Sec. 4. Subsection (e) of section 38a-53 of the 2008 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

(e) Any insurance company or health care center doing business in this state which fails to file any report or statement required under this section shall pay a late filing fee of one hundred seventy-five dollars per day for each day from the due date of such report or statement to the date of filing.

Sec. 5. Subsection (a) of section 38a-90f of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

(a) If the commissioner finds after reasonable notice and hearing that the managing general agent or any other person has not materially complied with any provision of sections 38a-90 to 38a-90h, inclusive, or any regulation or order [promulgated] adopted thereunder, the

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commissioner may order: (1) For each separate violation, a penalty in an amount of [ten] fifteen thousand dollars, and (2) revocation or suspension of the person's insurance license.

Sec. 6. Subsections (c) to (f), inclusive, of 38a-140 of the general statutes are repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

(c) (1) Whenever it appears to the commissioner that any insurance company or any director, officer, employee or agent thereof has committed a wilful violation of sections 38a-129 to 38a-140, inclusive, as amended by this act, the commissioner may cause criminal proceedings to be instituted by the state's attorney for the judicial district in which the principal office of the insurance company is located or, if such insurance company has no such office in the state, by the state's attorney for the judicial district of Hartford against such insurance company or the responsible director, officer, employee or agent thereof. Any insurance company [which] that wilfully violates said sections shall be fined not more than [ten] fifty thousand dollars. Any individual who wilfully violates said sections shall be fined not more than [three] fifteen thousand dollars or, if such wilful violation involves the deliberate perpetration of a fraud upon the commissioner, shall be imprisoned not more than two years or so fined or both.

(2) Any officer, director or employee of an insurance holding company system who wilfully and knowingly subscribes to or makes or causes to be made any false [statements] statement or false [reports] report or false [filings] filing with the intent to deceive the commissioner in the performance of his or her duties under sections 38a-129 to 38a-140, inclusive, as amended by this act, upon conviction thereof, shall be imprisoned not more than five years or fined not more than [twenty-five] fifty thousand dollars or both. Any fines imposed shall be paid by the officer, director or employee in his or her individual capacity.

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(d) Whenever it appears to the commissioner that any person has committed a violation of sections 38a-129 to 38a-140, inclusive, [which] as amended by this act, that makes the continued operation of an insurance company contrary to the interests of its policyholders or the public, the commissioner may, after giving notice and an opportunity to be heard, suspend, revoke or refuse to renew such insurance company's license or authority to do business in this state for such period as he finds is required for the protection of its policyholders or the public.

(e) Any insurance company failing, without just cause, to file any registration statement as required in section 38a-135 shall be required, after notice and hearing, to pay a penalty of one hundred fifty dollars for each day's delay, to be recovered by the commissioner, and the penalty so recovered shall be paid into the Insurance Fund established under section 38a-52a. The maximum penalty under this section [is ten] shall be fifteen thousand dollars. The commissioner may reduce the penalty if the insurance company demonstrates to the commissioner that the imposition of the penalty would constitute a hardship to the insurance company.

(f) [Every] Each director or officer of any insurance holding company system who wilfully and knowingly violates, participates in, or assents to, or who wilfully and knowingly [shall permit] permits any of the officers or agents of the insurance company to engage in transactions or make investments [which] that have not been properly reported or submitted pursuant to section 38a-135 or 38a-136, or [which] that violate sections 38a-129 to 38a-140, inclusive, as amended by this act, shall pay, in their individual capacity, a civil forfeiture of not more than [five thousand] seven thousand five hundred dollars per violation, after notice and hearing before the commissioner. Any civil forfeiture so recovered shall be paid into the Insurance Fund as established under section 38a-52a. In determining the amount of the

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civil forfeiture, the commissioner shall take into account the appropriateness of the forfeiture with respect to the gravity of the violation, the history of previous violations, and such other matters as [he] the commissioner deems necessary.

Sec. 7. Subsection (b) of section 38a-164 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

(b) Before the commissioner may revoke, suspend, or refuse to renew the license of any insurance premium finance company for cause shown, [he] the commissioner shall give to such company an opportunity to be fully heard and to introduce evidence [in] on its behalf. In addition to or in lieu of such suspension or revocation of any license the commissioner may impose a fine not to exceed [one] five thousand dollars [in respect of] for each violation of any of the provisions of subsection (a) of this section, and if [in his judgment he] the commissioner finds that the public interest would not be substantially harmed by the continued operation of such company, [he] the commissioner shall not be [obliged] required to suspend, revoke or refuse to renew any such license. The amount of any such fine shall be paid to the commissioner for deposit in the General Fund. In any hearing held under the provisions of sections 38a-160 to 38a-170, inclusive, the commissioner, or any hearing officer duly appointed by the commissioner, may administer oaths to witnesses and any person testifying falsely, after being administered such oath, shall be guilty of perjury.

Sec. 8. Section 38a-226b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

(1) Whenever the commissioner has reason to believe that a utilization review company subject to sections 38a-226 to 38a-226d, inclusive, has been or is engaging in conduct in violation of said

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sections, and that a proceeding by [him in respect thereto] the commissioner would be in the interest of the public, the commissioner shall issue and serve upon such company a statement of the charges in that respect and a notice of a hearing to be held at a time and place fixed in the notice, which shall not be less than thirty days after the date of service. At the time and place fixed for such hearing, such company shall have an opportunity to be heard and to show cause why an order should not be made by the commissioner requiring such company to cease and desist from the alleged conduct complained of.

(2) If, after such hearing, the commissioner determines that the utilization review company charged has engaged in a violation of sections 38a-226 to 38a-226d, inclusive, [he] the commissioner shall reduce [his] the findings to writing and shall issue and cause to be served upon the utilization review company a copy of such findings and an order requiring such company to cease and desist from engaging in such violation. The commissioner may [, at his discretion,] order any [one or more] of the following:

(A) Payment of a civil penalty of not more than one thousand five hundred dollars for each [and every] act or violation, provided such penalty shall not exceed an aggregate penalty of [ten] fifteen thousand dollars unless the company knew or reasonably should have known it was in violation of sections 38a-226 to 38a-226d, inclusive, in which case the penalty shall be not more than [five thousand] seven thousand five hundred dollars for each [and every] act or violation not to exceed an aggregate penalty of [fifty] seventy-five thousand dollars in any six-month period;

(B) Suspension or revocation of the utilization review company's license to do business in this state if it knew or reasonably should have known that it was in violation of sections 38a-226 to 38a-226d, inclusive; [and] or

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(C) Payment of such reasonable expenses as may be necessary to compensate the commissioner in connection with the proceedings under this subdivision, which shall be dedicated exclusively to the regulation of utilization review.

(3) Any company aggrieved by any such order of the commissioner may appeal therefrom in accordance with the provisions of section 4-183, except venue for such appeal shall be in the judicial district of New Britain.

(4) Any person who violates a cease and desist order of the commissioner made pursuant to this section and while such order is in effect shall, after notice and hearing and upon order of the commissioner, be subject to the following: (A) A civil penalty of not more than [fifty] seventy-five thousand dollars; or (B) suspension or revocation of such person's license.

Sec. 9. Subsection (d) of section 38a-226c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

(d) No provider, enrollee or agent thereof may provide to any utilization review company information which is fraudulent or misleading. If fraudulent or misleading statements have occurred, the commissioner shall provide notice of the alleged violation and opportunity to request a hearing in accordance with chapter 54 to said provider, enrollee or agent thereof. If a hearing is not requested or if after a hearing the commissioner finds that a violation has in fact occurred, the commissioner may impose a civil penalty (1) of not more than [five thousand] seven thousand five hundred dollars, or (2) commensurate with the value of services provided which were certified as a result of said fraudulent or misleading information. In addition, any allegation or denial made without reasonable cause and found untrue shall subject the party pleading the same to the payment

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of such reasonable expenses as may be necessary to compensate the department for expenses incurred due to such untrue pleading. All such payments to the department shall be dedicated exclusively to the regulation of utilization review.

Sec. 10. Subsection (e) of section 38a-277 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

(e) If the insured fails to withhold from the premium the amount of tax herein levied, the insured shall be liable for the amount thereof and shall pay the same to the Commissioner of Revenue Services within the time stated in subsection (c) of this section. Any person who fails to pay the tax within the time stated in subsection (c) of this section shall pay a penalty of ten per cent thereof or ~~[fifty]~~ seventy-five dollars, whichever is greater, which penalty shall be paid at the time of paying such tax. Interest shall be added to the tax at the rate of one per cent per month or fraction thereof from the date such payment was due to the date paid. Subject to the provisions of section 12-3a, the ~~[commissioner]~~ Commissioner of Revenue Services may waive all or part of the penalties provided under this section when it is proven to ~~[his]~~ said commissioner's satisfaction that the failure to pay any tax was due to reasonable cause and was not intentional or due to neglect.

Sec. 11. Section 38a-278 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

(a) Any unauthorized insurer who does any act of an insurance business as set forth in section 38a-271 shall be fined not more than ~~[ten]~~ fifty thousand dollars.

(b) In addition to the penalty provided in subsection (a) of this section or otherwise provided by law, any person or insurer violating section 38a-27 or 38a-271 to 38a-278, inclusive, as amended by this act,

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shall be fined two thousand five hundred dollars for the first offense and an additional two thousand five hundred dollars for each month during which any such person or insurer continues such violation.

Sec. 12. Section 38a-287 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

Any person who obtains or attempts to obtain, from any life or accident insurance company of this state, any money on any policy of insurance issued by it, by falsely or fraudulently representing the insured person as dead or the person insured against accident as injured, or fraudulently obtains or attempts to obtain any money from such company upon a policy of insurance issued in the name of a fictitious person, shall, (1) if the sum so obtained or attempted to be obtained is [one hundred] two thousand dollars or more, be imprisoned not more than ten years, [;] and [.] (2) if such sum is less than [one hundred] two thousand dollars, [he shall] be fined not more than [five hundred] ten thousand dollars or imprisoned not more than one year, or both.

Sec. 13. Section 38a-306 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

The form of policy of fire insurance set forth in section 38a-307 shall be known and designated as "The Standard Fire Insurance Policy of the State of Connecticut". The standard form of policy shall be plainly printed, and no portion thereof shall be in type smaller than the type used in printing such form on file in the office of the commissioner. The provisions of this section shall not limit insurance companies to the use of any particular size of paper or manner of folding the paper upon which their policies may be issued, and each agent who makes, issues or delivers a policy of fire insurance other than the standard form of fire insurance policy shall forfeit for each offense not more than [two hundred] one thousand dollars, [;] but such policy shall be

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binding upon the issuing company [issuing the same] to the same extent and on the same conditions as if it had been in the standard form.

Sec. 14. Subsection (a) of section 38a-456 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

(a) Any individual, partnership, corporation or unincorporated association providing group life insurance coverage for its employees shall furnish each insured employee, upon cancellation or discontinuation of such life insurance, notice of the cancellation or discontinuation of such insurance. The notice shall be mailed or delivered to the insured employee not less than fifteen days next preceding the effective date of cancellation or discontinuation. Any individual or any such entity [which] that fails to provide timely notice shall be fined not more than [one] two thousand dollars for each violation. The Labor Commissioner shall have the authority to assess all such fines. This section shall apply to any such individual, partnership, corporation or unincorporated association [which] that substitutes one policy providing such group life insurance coverage for another such policy with no interruption in coverage.

Sec. 15. Section 38a-464 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

A "burial contract" or "burial certificate", within the meaning of this section, is any instrument in writing whereby any person, firm, corporation or association, in consideration of the payment of a specified sum of money or for any other valuable consideration, promises or agrees to embalm or inter or otherwise dispose of, or to procure the embalmment or interment or other disposal of, the remains of any person who is living at the time of the execution of such instrument. No person, firm, corporation or association shall

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transact the business of issuing burial contracts or burial certificates until such person, firm, corporation or association has procured from the commissioner a license to conduct such business under such regulations as the commissioner [prescribes] may prescribe in accordance with chapter 54. All the applicable provisions of the general statutes which pertain to and govern the issuance of policies of life insurance are made applicable to and shall govern the issuance of burial contracts or burial certificates. Any person who violates any provision of this section shall be fined not more than [five hundred] six thousand dollars or imprisoned not more than one year, or both.

Sec. 16. Section 38a-506 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

Any insurer, hospital or medical service corporation, health care center or fraternal benefit society, or any officer or agent thereof, delivering or issuing for delivery to any person in this state any policy in violation of any of the provisions of sections 38a-481 to 38a-488, inclusive, shall be fined not more than [five hundred] ten thousand dollars for each offense, and the commissioner may revoke the license of any foreign or alien insurer, or any agent thereof, violating any of said provisions.

Sec. 17. Subsection (a) of section 38a-537 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

(a) Any individual, partnership, corporation, or unincorporated association providing group health insurance coverage for its employees shall furnish each insured employee, upon cancellation or discontinuation of such health insurance, notice of the cancellation or discontinuation of such insurance. The notice shall be mailed or delivered to the insured employee not less than fifteen days next preceding the effective date of cancellation or discontinuation. Any

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individual or any such entity [which] that fails to provide timely notice shall be fined not more than [one] two thousand dollars for each violation. The Labor Commissioner shall have the authority to assess all such fines. This section shall apply to any such individual, partnership, corporation or unincorporated association [which] that substitutes one policy providing [such] group health insurance coverage for another such policy with no interruption in coverage.

Sec. 18. Section 38a-548 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

Any insurer, hospital or medical service corporation, health care center or fraternal benefit society, or any officer or agent thereof, delivering or issuing for delivery to any person in this state any policy in violation of any of the provisions of sections 38a-512 to 38a-533, inclusive, 38a-537 to 38a-542, inclusive, as amended by this act, and 38a-545, shall be fined not more than [five hundred] one thousand dollars for each offense, and the commissioner may revoke the license of any foreign or alien insurer, or any agent thereof, violating any of those provisions.

Sec. 19. Section 38a-588 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

Any dental plan organization [which] that violates any provision of sections 38a-577 to 38a-590, inclusive, or neglects, fails or refuses to comply with any of the requirements of said sections, except the failure to file an annual report and the failure to reply in writing to inquiries of the commissioner, shall be liable for a civil penalty of not more than one thousand five hundred dollars for each violation. The commissioner may bring a civil action to recover the amount of a civil penalty.

Sec. 20. Section 38a-622 of the general statutes is repealed and the

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following is substituted in lieu thereof (*Effective October 1, 2008*):

No person shall cause or permit to be made, issued or circulated in any form: (a) Any misrepresentation or false or misleading statement concerning the terms, benefits or advantages of any fraternal insurance contract issued or to be issued in this state, or the financial condition of any society; (b) any false or misleading estimate or statement concerning the dividends or shares of surplus paid or to be paid by any society on any insurance contract; or (c) any incomplete comparison of an insurance contract of one society with an insurance contract of another society or insurer for the purpose of inducing the lapse, forfeiture or surrender of any insurance contract. A comparison of insurance contracts is incomplete if it does not compare in detail: (1) The gross rates, and the gross rates less any dividend or other reduction allowed at the date of the comparison; (2) any increase in cash values, and all the benefits provided by each contract for the possible duration thereof as determined by the life expectancy of the insured; or if it omits from consideration; (3) any benefit or value provided in the contract; (4) any differences as to amount or period of rates; or (5) any differences in limitations or conditions or provisions which directly or indirectly affect the benefits. In any determination of the incompleteness or misleading character of any comparison or statement, it shall be presumed that the insured had no knowledge of any of the contents of the contract involved. Any person who violates any provision of this section, or knowingly receives any compensation or commission by or in consequence of such violation, shall be fined not less than [one hundred] two thousand dollars [nor] or more than [five hundred] ten thousand dollars or be imprisoned not less than thirty days [nor] or more than one year, or be both fined and imprisoned, and shall, in addition, be liable for civil penalty in the amount of three times the sum received by such violator as compensation or commission, which penalty may be sued for and recovered by any person or society aggrieved for his or its own use

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and benefit in accordance with the provisions of civil practice.

Sec. 21. Section 38a-626 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

Any person who wilfully makes a false or fraudulent statement in or relating to an application for membership or for the purpose of obtaining money from or a benefit in any society shall be fined not less than [one hundred] two thousand dollars [nor] or more than [five hundred] ten thousand dollars or imprisoned not less than thirty days [nor] or more than one year or both. Any person who wilfully makes a false or fraudulent statement in any verified report or declaration under oath required or authorized by sections 38a-595 to 38a-626, inclusive, as amended by this act, 38a-631 to 38a-640, inclusive, and 38a-800, or of any material fact or thing contained in a sworn statement concerning the death or disability of a member for the purpose of procuring payment of a benefit named in the certificate, shall be guilty of false statement and shall be subject to the penalties therefor. Any person who solicits membership for, or in any manner assists in procuring membership in, any society not licensed to do business in this state shall be fined not less than [fifty] one thousand dollars [nor] or more than [two hundred] four thousand dollars. Any person guilty of a wilful violation of, or neglect or refusal to comply with, the provisions of said sections for which a penalty is not otherwise prescribed shall be fined not more than [two hundred] four thousand dollars.

Sec. 22. Section 38a-658 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

Any person, firm or corporation violating any provision of sections 38a-645 to 38a-658, inclusive, as amended by this act, shall be fined not more than [two hundred and fifty] one thousand five hundred dollars or imprisoned not more than two years, or both. The commissioner

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may revoke or suspend the license or certificate of authority of the person guilty of such violation. Such order for suspension or revocation shall be after notice and hearing, and shall be subject to judicial review as provided in section 38a-657.

Sec. 23. Section 38a-680 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

Any person, insurer, organization, group or association that fails to comply with the final order of the Insurance Commissioner pursuant to sections 38a-663 to 38a-696, inclusive, shall be fined not more than [one] two thousand dollars, but if such failure be wilful, not more than [ten] twenty thousand dollars, or imprisoned not more than one year or both. The commissioner shall collect the amount so payable and such penalties may be in addition to any other penalties provided by law.

Sec. 24. Section 38a-703 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

No person shall, within this state, solicit or procure insurance, except with regard to his own property or person, with or by any insurance company [which] that does not hold a certificate then in force from the commissioner authorizing such insurance company to do such insurance business in this state, or deliver policies or collect premiums of or for any such company; nor shall any person aid in any way in the transaction in this state of any insurance business with or by any insurance company not thus authorized, except to obtain insurance upon his own property or person. Any person who aids any corporation, association or person not authorized to do insurance business in this state in soliciting such business from residents of this state, by means of any advertisement published in this state or by any other means, shall be fined not more than [one hundred] two thousand dollars or imprisoned not more than six months, or both.

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Sec. 25. Section 38a-704 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

Any person, partnership, association, limited liability company or corporation, or any person, partnership, association, limited liability company or corporation acting under a trade name, [who] that acts within this state, either on the person's own behalf or as a representative or agent of any other person or partnership, association, limited liability company or corporation or any other person, partnership, association, limited liability company or corporation acting under a trade name, as an insurance producer, as defined in section 38a-702a, unless such person holds an insurance producer license then in force from the commissioner authorizing the person so to act, shall be fined not more than [five hundred] ten thousand dollars or imprisoned not more than three months, or both.

Sec. 26. Section 38a-713 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

Any insurance producer who signs or countersigns any policy of insurance or countersigns any endorsement thereon in blank shall be fined not more than one [hundred] thousand dollars, and the commissioner shall revoke the producer's license.

Sec. 27. Section 38a-725 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

Any person who acts within this state, either [in his] on the person's own behalf or as representative or agent of any other person or any partnership, association or corporation as a public adjuster, unless such person holds a license then in force from the commissioner authorizing [him] the person so to act, shall be fined not more than [five hundred] ten thousand dollars or imprisoned not more than three months, or both.

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Sec. 28. Section 38a-733 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

A certified insurance consultant who furnishes any advice or counsel as such consultant, makes any recommendation or gives any information except under the terms of a previously executed written contract conforming to section 38a-732 and in full force and effect shall thereupon, in every case, give to the recipient thereof a statement in writing, signed by [him] the consultant, in a form currently approved by the commissioner, specifying the advice, counsel, recommendation or information given, and a receipt, in a form currently approved by the commissioner, for the fee paid to [him] the consultant or a statement, in a form currently approved by the commissioner, of the fee to be received by [him] the consultant therefor. Any person who violates any provision of this section shall be fined not less than two hundred fifty [nor] or more than two thousand five hundred dollars.

Sec. 29. Section 38a-734 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

No person, acting in the capacity of a certified insurance consultant and as such serving any person, firm, association, organization or corporation, not engaged in the insurance business, for compensation paid or to be paid by the person served, shall directly or indirectly receive any part of any commission or compensation paid by any insurer or producer in connection with the sale or writing of any insurance which is within the subject matter of any such service. The provisions of this section shall not apply to an insurance producer who is an advisory representative of a registered investment adviser registered pursuant to the Investment Advisers Act of 1940, 15 USC 80b-1, et seq., provided the insurance producer makes full disclosure in a written memorandum, signed by the party to be charged, which specifies the amount of such fee or compensation for services performed pursuant to the Investment Advisers Act of 1940 and which

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also discloses that a commission may be paid to the insurance producer from the sale of any insurance. Any person violating the provisions of this section shall be fined not less than two hundred fifty [nor] or more than two thousand five hundred dollars or be imprisoned not less than thirty [nor] or more than ninety days, or both.

Sec. 30. Section 38a-735 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

Any person who acts as a certified insurance consultant without such license or during a suspension of [his] the person's license shall be fined not less than two hundred fifty [nor] or more than two thousand five hundred dollars or be imprisoned not more than six months, or both.

Sec. 31. Subsection (b) of section 38a-764 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

(b) [Any] Except as provided in subsection (a) of this section, any person who in this state acts as fraternal agent for a society without having authority so to do by virtue of a license issued and in force pursuant to the provisions of this section [, except as provided in subsection (a) of this section,] shall be fined not more than [one hundred] ten thousand dollars.

Sec. 32. Section 38a-772 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

Any person wilfully misrepresenting any fact required to be disclosed in any application or in any other form, paper or document required to be filed with the commissioner in connection with an application for any license issued by the commissioner pursuant to sections 38a-702j, 38a-703 to 38a-718, inclusive, as amended by this act, 38a-731 to 38a-735, inclusive, as amended by this act, 38a-741 to 38a-

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745, inclusive, 38a-769 to 38a-777, inclusive, as amended by this act, 38a-786, as amended by this act, 38a-790, as amended by this act, 38a-792, as amended by this act, and 38a-794 shall be fined not more than [five hundred] four thousand dollars or imprisoned not more than six months, or both.

Sec. 33. Section 38a-773 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

Any person impersonating or attempting or offering to impersonate another person in taking or attempting or offering to take any examination held in accordance with the regulations of the Insurance Department, or procuring any other person falsely to take or attempt or offer to take any such examination for an applicant for a license, shall be fined not more than [five hundred] four thousand dollars or imprisoned not more than six months, or both.

Sec. 34. Subsection (a) of section 38a-774 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

(a) The commissioner, after reasonable notice to and hearing of any [holder of a license issued by the commissioner] licensee, may suspend or revoke the licensee's license for cause shown. In addition to or in lieu of suspension or revocation, the commissioner may impose a fine not to exceed [one] five thousand dollars. Hearings may be held by the commissioner or by any person designated by the commissioner. Whenever a person other than the commissioner acts as the hearing officer, [he] such person shall submit to the commissioner a memorandum of [his] the findings and recommendations upon which the commissioner may base [his] a decision.

Sec. 35. Section 38a-777 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

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Any licensee under sections 38a-741 to 38a-744, inclusive, [38a-777 and] or section 38a-794 who negotiates, continues or renews any contract for insurance in any unauthorized company, and who neglects to make and file the affidavit and statements required by said sections, or who wilfully makes a false affidavit or statement, or who negotiates, continues or renews any such contract of insurance after the revocation or during the suspension of the licensee's license, shall forfeit the license if not previously revoked and shall be fined not more than [five hundred] four thousand dollars or imprisoned not more than six months, or both.

Sec. 36. Subsection (c) of section 38a-786 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

(c) The commissioner may at any time require such information as [he] the commissioner deems necessary [in] with respect to the business methods, policies and transactions of a licensee under this section. Any person who fails or refuses to furnish the commissioner, in such form as [he] the commissioner may require, any such information within ten days after receiving a written request therefor shall be fined not less than two hundred fifty [nor] or more than two thousand five hundred dollars.

Sec. 37. Subsection (b) of section 38a-790 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

(b) Any person who violates any provision of this section shall be fined not more than two thousand five hundred dollars or imprisoned not more than one year, or both.

Sec. 38. Subsection (c) of section 38a-792 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective*

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October 1, 2008):

(c) Any person who violates any provision of this section shall be fined not more than two [hundred] thousand dollars or imprisoned not more than one year or both.

Sec. 39. Section 38a-817 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

(a) Whenever the commissioner has reason to believe that any such person has been engaged or is engaging in violation of sections 38a-815 to 38a-819, inclusive, in any unfair method of competition or any unfair or deceptive act or practice defined in section 38a-816, and that a proceeding by [him] the commissioner in respect thereto would be [to] in the interest of the public, [he] the commissioner shall issue and serve upon such person a statement of the charges in that respect and a notice of a hearing thereon to be held at a time and place fixed in the notice, which shall not be less than thirty days after the date of the service thereof. At the time and place fixed for such hearing, such person shall have an opportunity to be heard and to show cause why an order should not be made by the commissioner requiring such person to cease and desist from the acts, methods or practices so complained of. Upon good cause shown, the commissioner shall permit any person to intervene, appear and be heard at such hearing by counsel or in person. The commissioner, upon such hearing, may administer oaths, examine and cross-examine witnesses and receive oral and documentary evidence, and shall have the power to subpoena witnesses, compel their attendance and require the production of books, papers, records, correspondence or other documents [which he] that the commissioner deems relevant to the inquiry. [In case of a refusal of] If any person refuses to comply with any subpoena issued hereunder or to testify with respect to any matter concerning which [he] the person may be lawfully interrogated, the superior court for the judicial district of New Britain or the superior court for the judicial

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district where such person resides [, on application of the commissioner,] may, on application of the commissioner, issue an order requiring such person to comply with such subpoena and to testify. [, and any] Any failure to obey any such order of the court may be punished by the court as a contempt thereof. Statements of charges, notices, orders and other processes of the commissioner under sections 38a-815 to 38a-819, inclusive, may be served in the manner provided by law for service of process in civil actions.

(b) If, after such hearing, the commissioner determines that the person charged has engaged in an unfair method of competition or an unfair or deceptive act or practice, the commissioner shall reduce the [commissioner's] findings to writing and shall issue and cause to be served upon the person charged with the violation a copy of such findings and an order requiring such person to cease and desist from engaging in such method of competition, act or practice and if the act or practice is a violation of section 38a-816, the commissioner may [, at the commissioner's discretion] order any [one or more] of the following: (1) Payment of a monetary penalty of not more than [one] five thousand dollars for each [and every] act or violation but not to exceed an aggregate penalty of [ten] fifty thousand dollars unless the person knew or reasonably should have known that the person was in violation of [section] sections 38a-815 [,] and 38a-816, this subsection and subsection (e) of this section, in which case the penalty shall be not more than [five] twenty-five thousand dollars for each [and every] act or violation but not to exceed an aggregate penalty of two hundred fifty thousand dollars in any six-month period; (2) suspension or revocation of the person's license if the person knew or reasonably should have known the person was in violation of said sections and subsections; or (3) restitution of any sums shown to have been obtained in violation of any of the provisions of said sections or any regulation implementing the provisions of said sections.

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(c) Any person aggrieved by any such order of the commissioner may appeal therefrom in accordance with the provisions of section 4-183, except venue for such appeal shall be in the judicial district of New Britain.

(d) No order of the commissioner under sections 38a-815 to 38a-819, inclusive, shall relieve or absolve any person affected by such order from any liability under any other laws of this state.

(e) Any person who violates a cease and desist order of the commissioner made pursuant to this section and while such order is in effect shall, after notice and hearing and upon order of the commissioner, be subject to any [one or more] of the following: (1) A monetary penalty of not more than [ten] fifty thousand dollars for each [and every] act or violation; or (2) suspension or revocation of such person's license.

Sec. 40. Section 38a-826 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

No insurance company, producer or any other person, copartnership or corporation shall make or issue, or cause to be made or issued, any written or oral statements, misrepresenting or making incomplete comparisons regarding the terms or conditions or benefits contained in any policy or contract of insurance, legally issued by any insurance company licensed to transact business in this state, for the purpose of inducing or attempting to induce the owner of such policy or contract of insurance to forfeit or surrender such policy or contract of insurance or allow it to lapse for the purpose of replacing such policy or contract of insurance with another. Any person who violates any provision of this section shall be fined not more than five [hundred] thousand dollars or imprisoned not more than thirty days, or both.

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Sec. 41. Section 38a-830 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

Any person or corporation which violates any provision of section 38a-828 or 38a-829 shall, for the first offense, forfeit to the state [five hundred] ten thousand dollars and, for each subsequent offense, [one] twenty thousand dollars.

Sec. 42. Subdivision (2) of section 38a-843 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

(2) The commissioner may: (a) Require that said association notify those persons insured by the insolvent insurer, and any other interested parties, of the determination of insolvency and of their rights under sections 38a-836 to 38a-853, inclusive. Such notification shall be by mail sent to their last known address, where available, provided if sufficient information for such notification by mail is not available, notice by publication in a newspaper of general circulation shall be sufficient to satisfy the requirements of this subsection; (b) suspend or revoke, after notice and hearing, the certificate of authority to transact insurance in this state of any member insurer [which] that fails to pay an assessment when due or which fails to comply with said plan of operation. In lieu of [any] such suspension or revocation, the commissioner may levy a fine on any member insurer which fails to pay an assessment when due, provided no such fine shall exceed five per cent of the unpaid assessment per month, and provided no fine shall be less than [one] five hundred dollars per month; (c) revoke the designation of any servicing facility if he finds claims are being handled unsatisfactorily.

Sec. 43. Subsection (b) of section 38a-868 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

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(b) The commissioner may suspend or revoke, after notice and hearing, the certificate of authority issued by this state to any member insurer [which] that fails to pay an assessment when due or fails to comply with the plan of operation. As an alternative the commissioner may levy a forfeiture on any member insurer [which] that fails to pay an assessment when due. Such forfeiture shall not exceed five per cent of the unpaid assessment per month, but no forfeiture shall be less than [one] five hundred dollars per month.

Sec. 44. Section 38a-885 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

Any person filing with the department any notice, statement or other document required under the provisions of section 38a-884 [, which] that is false or untrue or contains any material misstatement of fact shall be fined not less than [two] three hundred dollars.

Sec. 45. Section 38a-886 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

When the department receives an application, as provided in section 38a-884, the Attorney General, at the request of the commissioner, may apply in the name of the state of Connecticut to the Superior Court for an order temporarily or permanently restraining and enjoining the continuance of such act or acts, for an order directing restitution to any aggrieved person, payment to the guaranty fund for any payments the fund made to aggrieved persons, attorney's fees, costs, a civil penalty of not more than one thousand five hundred dollars per violation and such other relief as may be granted in equity.

Sec. 46. Section 38a-908 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

(a) Any officer, manager, director, trustee, owner, employee or agent of any insurer, or any other persons with authority over or in

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charge of any segment of the insurer's affairs, shall cooperate with the commissioner in any proceeding under this chapter or any investigation preliminary to the proceeding. The term "person" as used in this section shall include any person who exercises control directly or indirectly over activities of the insurer through any holding company or other affiliate of the insurer. "To cooperate" shall include, but shall not be limited to, the following: (1) To reply promptly in writing to any inquiry from the commissioner requesting such a reply; and (2) to make available to the commissioner any books, accounts, documents, or other records or information or property of or pertaining to the insurer and in his possession, custody or control.

(b) No person shall obstruct or interfere with the commissioner in the conduct of any delinquency proceeding or any investigation preliminary or incidental thereto.

(c) This section shall not be construed to abridge otherwise existing legal rights, including the right to resist a petition for liquidation or other delinquency proceedings, or other orders.

(d) Any person included within subsection (a) of this section who fails to cooperate with the commissioner, or any person who obstructs or interferes with the commissioner in the conduct of any delinquency proceeding or any investigation preliminary or incidental thereto, or who violates any order the commissioner issued validly under sections 38a-903 to 38a-961, inclusive, may: (1) Be sentenced to pay a fine not exceeding ten thousand dollars or [to undergo imprisonment for a term of] imprisoned not more than one year, or both; [,] or (2) after a hearing, be subject to [the imposition by the commissioner, of] a civil penalty not to exceed [ten] twenty-five thousand dollars and [shall be subject further to] the revocation or suspension of any insurance licenses issued by the commissioner.

Sec. 47. Subsection (b) of section 38a-925 of the general statutes is

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repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

(b) Any agent failing to give notice or file a report of compliance as required in subsection (a) of this section may be subject to [payment of] a penalty of not more than [one thousand] two thousand five hundred dollars and may have his license suspended, said penalty to be imposed after a hearing held by the commissioner.

Sec. 48. Subsection (b) of section 38a-935 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

(b) Upon satisfactory evidence of a violation of this section [,] by a person other than an insured, the commissioner may [pursue either one or both] require any of the following: [courses of action:] (1) Suspend or revoke or refuse to renew the licenses of such offending party or parties; or (2) impose a penalty of not more than [one thousand] two thousand five hundred dollars for each [and every] act in violation of this section by said party or parties.

Sec. 49. Section 38a-997 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

Any person who knowingly and wilfully obtains information concerning an individual from an insurance institution, agent or insurance-support organization under false pretenses shall be fined not more than [ten] twenty thousand dollars.

Sec. 50. Subdivision (15) of section 38a-816 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

(15) (A) Failure by an insurer, or any other entity responsible for providing payment to a health care provider pursuant to an insurance

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policy, to pay accident and health claims, including, but not limited to, claims for payment or reimbursement to health care providers, within the time periods set forth in subparagraph (B) of this subdivision, unless the Insurance Commissioner determines that a legitimate dispute exists as to coverage, liability or damages or that the claimant has fraudulently caused or contributed to the loss. Any insurer, or any other entity responsible for providing payment to a health care provider pursuant to an insurance policy, who fails to pay such a claim or request within the time periods set forth in subparagraph (B) of this subdivision shall pay the claimant or health care provider the amount of such claim plus interest at the rate of fifteen per cent per annum, in addition to any other penalties which may be imposed pursuant to sections 38a-11 of the 2008 supplement to the general statutes, 38a-25, 38a-41 to 38a-53, inclusive, 38a-57 to 38a-60, inclusive, 38a-62 to 38a-64, inclusive, 38a-76, 38a-83, 38a-84, 38a-117 to 38a-124, inclusive, 38a-129 to 38a-140, inclusive, 38a-146 to 38a-155, inclusive, 38a-283, 38a-288 to 38a-290, inclusive, 38a-319, 38a-320, 38a-459, 38a-464, 38a-815 to 38a-819, inclusive, 38a-824 to 38a-826, inclusive, and 38a-828 to 38a-830, inclusive. Whenever the interest due a claimant or health care provider pursuant to this section is less than one dollar, the insurer shall deposit such amount in a separate interest-bearing account in which all such amounts shall be deposited. At the end of each calendar year each such insurer shall donate such amount to The University of Connecticut Health Center.

(B) Each insurer, or other entity responsible for providing payment to a health care provider pursuant to an insurance policy subject to this section, shall pay claims not later than forty-five days after receipt by the insurer of the claimant's proof of loss form or the health care provider's request for payment filed in accordance with the insurer's practices or procedures, except that when there is a deficiency in the information needed for processing a claim, as determined in accordance with section 38a-477, the insurer shall (i) send written

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notice to the claimant or health care provider, as the case may be, of all alleged deficiencies in information needed for processing a claim not later than thirty days after the insurer receives a claim for payment or reimbursement under the contract, and (ii) pay claims for payment or reimbursement under the contract not later than thirty days after the insurer receives the information requested.

(C) As used in this subdivision, "health care provider" means a person licensed to provide health care services under chapter 368d, chapter 368v, chapters 370 to 373, inclusive, 375 to 383c, inclusive, 384a to 384c, inclusive, or chapter 400j.

Sec. 51. Subsection (c) of section 38a-479qq of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

(c) Any person who knowingly operates as a medical discount plan organization in violation of this section shall be fined not more than [ten] fifteen thousand dollars. Any person who knowingly aids and abets another that the person knew or reasonably should have known was operating as a medical discount plan organization in violation of this section shall be fined not more than [ten] fifteen thousand dollars.

Sec. 52. Subsection (u) of section 38a-479rr of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2008*):

(u) Any person who violates any provision of this section shall be fined not more than [two] three thousand dollars.

Approved June 12, 2008